

Power rate hike coming

Increase is less than first asked for, but Utahns still will feel the pinch

By Steven Oberbeck
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Utah consumers soon will be digging a lot deeper into their pockets to pay their electricity bills - and it won't be the result of trying to keep their homes cool during the hot summer months.

Rocky Mountain Power, formerly known as Utah Power, reached an agreement Wednesday with the Committee of Consumer Services and the Division of Public Utilities that will allow it to begin raising its rates by 10.1 percent, or \$115 million a year, starting on Dec. 11, 2006.

The rate increase will push up the typical residential electricity bill in the state by approximately \$5.75 a month once it is fully implemented.

Rocky Mountain Power, when it first requested permission to raise its rates from the Utah Public Service Commission in March, sought a whopping \$197 million, or 17 percent increase. It subsequently lowered that request by approximately \$3 million.

"We still feel we had valid arguments to support our request but through negotiations we reached a number that we feel we can live with," Rocky Mountain Power spokesman Dave Eskelsen said.

The company said it needs the rate increase to help it meet the growing demand for electricity in Utah, and to recapture a portion of the millions of dollars it spent in recent years beefing up its system that generates and distributes electricity from its power plants to its customers.

For many Utahns already buffeted by the rising costs of natural gas and motor fuel, an additional 10 percent on their electricity bills represents another financial strain on their household budgets.

"It is already hard to budget for our electricity bill, and another 10 percent will make it just that much harder," said James Thomas, who works at a marketing company in Sandy. "It will be a significant increase for us."

Some consumers said another 10 percent on their monthly electricity bills won't make that much difference.

Law student Jared Braithwaite and wife Cortney Kochevar said another \$5 or \$6 probably won't hurt that much. "But then, there are just the two of us," Braithwaite said.

Ever since a massive December 2003 Christmas storm outage, the Committee of Consumer Services has been urging the utility to improve its service reliability in the state, said Reed Warnick, the committee's interim director.

He said the \$115 million increase is fair and will help Rocky Mountain Power address the dual challenge of addressing the growth in the demand for electricity and improving its over-all quality of service.

"We entered this rate case thinking the numbers should be a lot less and we were able to substantially reduce the amount of the requested increase," Warnick said.

The \$115 million rate increase will take place in two stages.

The first stage, an \$85 million increase, will go into effect Dec. 11. It will raise the typical bill by \$4.26 a month, or 7.6 percent. The second stage, a \$30 million increase, will take place June 1, 2007 after the company starts up its \$330 million Lake Side Power Plant. It will raise the typical homeowner's bill by another \$1.50 a month, or about 2.5 percent.

As part of the settlement agreement, Rocky Mountain Power also promised it would not file for another rate increase until after Dec. 11, 2007, which would mean that Utahns' power bills probably will not go up again until sometime around August 2008.

The settlement agreement awaits approval by the PSC, and Warnick said the committee will request that hearings be conducted in September.

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